

[1961-Mar 29]

87TH CONGRESS
1st Session

S. 1478

IN THE SENATE OF THE UNITED STATES

MARCH 29, 1961

Mr. SPARKMAN (by request) introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

A BILL

To assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Housing Act of 1961".

4 TITLE I—HOUSING FOR MODERATE INCOME

5 FAMILIES

6 FEDERAL HOUSING AUTHORITY MORTGAGE INSURANCE

7 SEC. 101. (a) The National Housing Act is amended
8 by inserting the following heading preceding section 221:
9 "Housing for Moderate Income and Displaced Families".

1 (b) Section 221 of such Act is amended by—

2 (1) amending subsection (a) to read as follows:

3 “(a) This section is designed to assist private industry
4 in providing housing for low and moderate income families
5 and families displaced from urban renewal areas or as a re-
6 sult of governmental action.”;

7 (2) striking out in subsection (b) “any mortgage”
8 and inserting in lieu thereof “any mortgage (including
9 advances during construction on mortgages covering
10 property of the character described in paragraphs (3)
11 and (4) of subsection (d) of this section)”;

12 (3) amending clause (A) in subsection (d) (2)
13 to read as follows: “(A) not to exceed (i) \$9,000 in
14 the case of a property upon which there is located a
15 dwelling designed principally for a single-family resi-
16 dence, (ii) \$18,000 in the case of a property upon
17 which there is located a dwelling designed principally
18 for a two-family residence, (iii) \$27,000 in the case of
19 a property upon which there is located a dwelling de-
20 signed principally for a three-family residence, (iv)
21 \$33,000 in the case of a property upon which there is
22 located a dwelling designed principally for a four-family
23 residence: *Provided*, That the Commissioner may in-
24 crease the foregoing amounts to not to exceed \$15,000,
25 \$25,000, \$32,000, and \$38,000 respectively, in any

1 geographical area where he finds that cost levels so
2 require;”;

3 (4) striking out the third proviso in subsection
4 (d) (2) and the colon preceding the proviso;

5 (5) amending subsection (d) (3) to read as
6 follows:

7 “(3) if executed by a mortgagor which is a public
8 body or agency, a cooperative (including an investor-
9 sponsor who meets such requirements as the Commis-
10 sioner may impose to assure that the consumer interest
11 is protected); or a limited dividend corporation (as
12 defined by the Commissioner), or a private nonprofit
13 corporation or association regulated or supervised under
14 Federal or State laws or by political subdivisions of
15 States, or agencies thereof, or by the Commissioner
16 under a regulatory agreement or otherwise, as to rents,
17 charges, and methods of operation, in such form and
18 in such manner as in the opinion of the Commissioner
19 will effectuate the purposes of this section, the mort-
20 gage may involve a principal obligation in an amount—

21 “(i) not to exceed \$12,500,000;

22 “(ii) not to exceed for such part of such prop-
23 erty or project as may be attributable to dwelling
24 use (excluding exterior land improvements as de-
25 fined by the Commissioner), \$2,250 per room (or

1 \$8,500 per family unit if the number of rooms in
2 such property or project is less than four per family
3 unit), except that the Commissioner may in his
4 discretion increase the dollar amount limitation of
5 \$2,250 per room to not to exceed \$2,750 per room,
6 and the dollar amount limitation of \$8,500 per
7 family unit to not to exceed \$9,000 per family unit,
8 as the case may be, to compensate for higher costs
9 incident to the construction of elevator type struc-
10 tures of sound standards of construction and design,
11 and except that the Commissioner may increase
12 any of the foregoing dollar amount limitations con-
13 tained in this paragraph by not to exceed \$1,000
14 per room without regard to the number of rooms
15 being less than four, or four or more, in any geo-
16 graphical area where he finds that cost levels so
17 require; and

18 “(iii) not to exceed (1) in the case of new
19 construction, the amount which the Commissioner
20 estimates will be the replacement cost of the prop-
21 erty or project when the proposed improvements
22 are completed (the replacement cost may include
23 the land, the proposed physical improvements, utili-

ties within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner), or (2) in the case of repair and rehabilitation the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation: *Provided, That* such property or project, when constructed, or repaired and rehabilitated, shall be for use as a rental or cooperative project, and low and moderate income families or families displaced by urban renewal or other governmental action shall be eligible for occupancy in accordance with such regulations and procedures as may be prescribed by the Commissioner and that the Commissioner may adopt such requirements as he determines to be desirable regarding consultation with local public officials where such consultation is appropriate by reason of the relationship of such project to projects under other local programs; or";

(6) striking out in subsection (d) (4) "which is not a nonprofit organization" and inserting in lieu there-

1 of "other than a mortgagor referred to in subsection
2 (d) (3)";

3 (7) amending subsection (d) (4) (ii) to read as
4 follows:

5 " (ii) not exceed, for such part of the property or
6 project as may be attributable to dwelling use (exclud-
7 ing exterior land improvements as defined by the Com-
8 missioner), \$2,250 per room (or \$8,500 per family
9 unit if the number of rooms in such property or project
10 is less than four per family unit) except that the Com-
11 missioner may in his discretion increase the dollar amount
12 limitation of \$2,250 per room to not to exceed \$2,750
13 per room, and the dollar amount limitation of \$8,500
14 per family unit to not to exceed \$9,000 per family unit,
15 as the case may be, to compensate for higher costs in-
16 cident to the construction of elevator-type structures of
17 sound standards of construction and design, and except
18 that the Commissioner may increase any of the fore-
19 going dollar amount limitations contained in this para-
20 graph by not to exceed \$1,000 per room without re-
21 gard to the number of rooms being less than four, or
22 four or more, in any geographical area where he finds
23 that cost levels so require;";

24 (8) striking out in subsection (d) (4) (iv) the
25 language preceding the second proviso, and ": And pro-

1 ~~Provided~~ further," and inserting in lieu thereof the follow-
 2 ing: "not to exceed 90 per centum of the sum of the
 3 (8) estimated cost of repair and rehabilitation and the Com-
 4 missioner's estimate of the value of the property before
 5 repair and rehabilitation if the proceeds of the mortgage
 6 are to be used for the repair and rehabilitation of a prop-
 7 erty or project: *Provided*,";
 8 (9) striking out in subsection (d) (5) "but not to
 9 exceed forty years from the date of insurance of the
 10 mortgage" and inserting in lieu thereof "but as to mort-
 11 gages coming within the provisions of subsection (d) (2)
 12 not to exceed forty years from the date of beginning of
 13 amortization of the mortgage";
 14 (10) inserting a colon and the following proviso
 15 before the period at the end of subsection (d): "*Pro-*
 16 *vided*, That a mortgage insured under the provisions of
 17 subsection (d) (3) shall bear interest (exclusive of
 18 any premium charges for insurance and service charge,
 19 if any) at not less than the annual rate of interest de-
 20 termined, from time to time by the Secretary of the
 21 Treasury at the request of the Federal Housing Com-
 22 missioner, by estimating the average market yield to
 23 maturity on all outstanding marketable obligations of
 24 the United States, and by adjusting such yield to the
 25 (6) nearest one-eighth of 1 per centum".

(11) inserting the following at the end of subsection (f) : "A property or project covered by a mortgage insured under the provisions of subsection (d) (3) or (d) (4) shall include five or more family units. The Commissioner is authorized to adopt such procedures and requirements as he determines are desirable to assure that the dwelling accommodations provided under this section are available to families displaced from urban renewal areas or as a result of governmental action. Notwithstanding any provision of this Act, the Commissioner, in order to assist further the provision of housing for low and moderate income families, in his discretion and under such conditions as he may prescribe, may insure a mortgage which meets the requirements of subsection (d) (3) of this section as in effect after the effective date of the Housing Act of 1961, with no premium charge, a reduced premium charge, or with a premium charge for such period or periods during the time the insurance is in effect as the Commissioner may determine, and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to reimburse the section 221 housing insurance fund for any net losses in connection with such insurance. No mortgage shall be insured under subsections (d) (2)

and (d) (4) of this section after July 1, 1963, except pursuant to a commitment to insure before that date, or except a mortgage covering property which the Commissioner finds will assist in the provision of housing for families displaced from urban renewal areas or as a result of governmental action.”;

(12) inserting the following paragraph after paragraph (2) in subsection (g) :

“(3) as to mortgages meeting the requirements of this section that are insured or initially endorsed for insurance on or after March 29, 1961, notwithstanding the provisions of paragraphs (1) and (2) of this subsection, the Commissioner, in his discretion, may in accordance with such regulations as he may prescribe, acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee in cash or in debentures of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Commissioner and made previously by the mortgagee under the provisions of the mortgage, and after the acquisition of the mortgage by the Commissioner the mortgagee shall have no further rights, liabilities, or obligations with respect to the loan or the security for the loan. The provisions

1 of sections 204 and 207 relating to the issuance of debentures shall apply with respect to debentures issued under this subsection, and the provisions of sections 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this subsection, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner, except that as applied to mortgages insured under this section (1) all references in section 204 to the 'fund' or 'mutual mortgage insurance fund' shall refer to the 'section 221 housing insurance fund', (2) all references to 'section 203' shall refer to this section, and (3) all references in section 207 to the 'housing insurance fund', 'fund', or 'housing fund' shall refer to the 'section 221 housing insurance fund'.;

13 (13) striking out in paragraph (3) of subsection (g) "this paragraph (3)" each place it appears and inserting in lieu thereof "this paragraph" and renumbering paragraph (3) to be paragraph (4); and

16 (14) striking out in the last sentence of subsection (h) "cash adjustments," and inserting in lieu thereof "cash adjustments, cash payments,".

1 AMENDMENTS OF HOUSING ACT OF 1949

2 SEC. 102. Section 101 (c) of the Housing Act of 1949

3 is amended by—

4 (1) striking out “under section 220 or 221” and
5 inserting in lieu thereof “under section 220 or section
6 221 (d) (3)”;7 (2) striking out “of section 220 (d), or under sec-
8 tion 221 of the National Housing Act, as amended, if
9 the mortgaged property is in an area described in clause
10 (3) of section 221 (a) of said Act, or in a community
11 referred to in clause (2) (B) of said section” and in-
12 serting in lieu thereof “of section 220 (d) of the Na-
13 tional Housing Act”; and14 (3) striking out clause (iii) and renumbering
15 clause “(iv)” to be clause “(iii)”.

16 TITLE II—HOME IMPROVEMENT AND

17 REHABILITATION

18 HOME IMPROVEMENT AND REHABILITATION IN URBAN

19 RENEWAL AREAS

20 SEC. 201. Section 220 of the National Housing Act

21 is amended by—

22 (a) striking out the provisos in subsections
23 (d) (3) (A) (i) and (d) (3) (B) (ii) and inserting in
24 lieu thereof in each subsection the following: “*Pro-*
25 *vided*, That in the case of properties other than new con-

1 struction, the foregoing limitations upon the amount of
2 the mortgage shall be based upon the sum of the esti-
3 mated cost of rehabilitation and the Commissioner's esti-
4 mate of the value of the property before rehabilitation
5 rather than upon the Commissioner's estimate of the
6 replacement cost;"

7 (b) striking out "mortgage insurance" in subsection
8 (a) and inserting in lieu thereof "loan and mortgage
9 insurance"; and

10 (c) adding the following subsection:

11 “(h) (1) To assist further in the conservation, improve-
12 ment, repair, and rehabilitation of property located in the
13 area of an urban renewal project as provided in paragraph
14 (1) of subsection (d) of this section, the Commissioner is
15 authorized upon such terms and conditions as he may pre-
16 scribe to make commitments to insure and to insure home
17 improvement loans (including advances during construction
18 or improvement) made by financial institutions on and after
19 the effective date of the Housing Act of 1961. As used in
20 this subsection, 'home improvement loan' means a loan, ad-
21 vance of credit or purchase of an obligation representing a
22 loan or advance of credit made for the purpose of financing
23 the improvement of an existing structure (or in connection
24 with an existing structure) used primarily for residential

1 purposes; 'improvement' means conservation, repair, restora-
2 tion, rehabilitation, conversion, alteration, enlargement, or
3 remodeling; and 'financial institution' means a lender ap-
4 proved by the Commissioner as eligible for insurance under
5 section 2 or a mortgage approved under section 203 (b) (1).

6 " (2) To be eligible for insurance under this subsection,
7 a home improvement loan shall—

8 " (i) not exceed the Commissioner's estimate of the
9 cost of improvement, or \$10,000 per family unit, which-
10 ever is the lesser;

11 " (ii) be limited to an amount which when added
12 to any outstanding indebtedness related to the property
13 (as determined by the Commissioner) creates a total
14 outstanding indebtedness which does not exceed the
15 limits provided in subsection (d) (3) for properties
16 other than new construction;

17 " (iii) bear interest at not to exceed a rate pre-
18 scribed by the Commissioner but not in excess of 6 per
19 centum per annum of the amount of the principal obli-
20 gation outstanding at any time, and such other charges
21 (including such service charges, appraisal, inspection,
22 and other fees) as may be approved by the Commis-
23 sioner;

24 " (iv) have a maturity satisfactory to the Commis-

1 sioner, but not to exceed twenty-five years or three-
2 quarters of the remaining economic life of the structure,
3 whichever is the lesser;

4 “(v) be secured at the discretion of the Commis-
5 sioner in such cases and in such manner as he may
6 require;

7 “(vi) contain such other terms, conditions, and
8 restrictions as the Commissioner may prescribe, and

9 “(vii) represent the obligation of a borrower who
10 is the owner of the property improved.

11 “(3) Any home improvement loan insured under this
12 subsection may be refinanced and extended in accordance
13 with such terms and conditions as the Commissioner may
14 prescribe, but in no event for an additional amount or term in
15 excess of the maximum provided for in this subsection.

16 “(4) There is hereby created a separate section 220
17 home improvement account to be maintained under the sec-
18 tion 220 housing insurance fund and to be used by the Com-
19 missioner as a revolving fund for carrying out the provisions
20 of this subsection. The Commissioner is authorized to trans-
21 fer to such fund the sum of \$1,000,000 from the war housing
22 insurance fund established pursuant to the provisions of sec-
23 tion 602 of this Act. Any premium charges, and appraisal
24 and other fees received on account of the insurance of any
25 home improvement loan accepted for insurance under this

1 subsection, and the receipts derived from the sale, collection,
2 deposit, or compromise of any evidence of debt, contract,
3 claim, property, or security assigned to or held by the Com-
4 missioner in connection with the payment of insurance under
5 this subsection, shall be credited to the section 220 home im-
6 provement account. Insurance claims under this subsection
7 and expenses incurred in the handling, management, renova-
8 tion, and disposal of any properties acquired by the Commis-
9 sioner under this subsection shall be charged to the section
10 220 home improvement account. General expenses of opera-
11 tion of the Federal Housing Administration and other ex-
12 penses incurred under this subsection may be charged to the
13 section 220 home improvement account. Moneys in the
14 account not needed for the current operation of the Federal
15 Housing Administration under this subsection shall be de-
16 posited with the Treasurer of the United States to the credit
17 of that account, or invested in bonds or other obligations of,
18 or in bonds or other obligations guaranteed as to principal
19 and interest by, the United States.

20 “ (5) The Commissioner is authorized to fix a premium
21 charge for the insurance of home improvement loans under
22 this subsection but in the case of any loan such charge shall
23 not be less than an amount equivalent to one-half of 1 per
24 centum per annum nor more than an amount equivalent to
25 1 per centum per annum of the amount of the principal

1 obligation of the loan outstanding at any time, without taking
2 into account delinquent payments or prepayments. Such
3 premium charges shall be payable by the financial institu-
4 tion in such manner as may be prescribed by the Commis-
5 sioner and the Commissioner may require the payment of
6 one or more such premium charges at the time the loan is
7 insured, at such discount rate as he may prescribe not in
8 excess of the interest rate specified in the loan. If the Com-
9 missioner finds upon presentation of a loan for insurance
10 and the tender of the initial premium charge or charges so
11 required that the loan complies with the provisions of this
12 subsection, such loan may be accepted for insurance by en-
13 dorsement or otherwise as the Commissioner may prescribe.
14 In the event that the principal obligation of any loan ac-
15 cepter for insurance under this subsection is paid in full
16 prior to the maturity date, the Commissioner is authorized
17 to refund to the financial institution all, or such portions as
18 he shall determine to be equitable of the current unearned
19 premium charges heretofore paid.

20 “(6) In cases of defaults in loans insured under this
21 subsection, upon receiving notice of default, the Commissioner,
22 in accordance with such regulations as he may prescribe, may
23 acquire the loan and any security therefor upon payment to
24 the financial institution in cash or in debentures of a total
25 amount equal to the unpaid principal balance of the loan

1 plus any accrued interest and any advances approved by the
2 Commissioner made previously by the financial institution
3 under the provisions of the loan instruments. After the ac-
4 quisition of the loan by the Commissioner the financial insti-
5 tution shall have no further rights, liabilities, or obligations
6 with respect to the loan or any security for the loan.

7 “(7) Debentures issued under this subsection shall be
8 executed in the name of the section 220 home improvement
9 account as obligor, shall be signed by the Commissioner, by
10 either his written or engraved signature, shall be negotiable,
11 and shall be dated as of the date of acquisition of the loan
12 and shall bear interest from that date. They shall bear in-
13 terest at a rate established by the Commissioner pursuant to
14 section 224, payable semiannually on the 1st day of January
15 and the 1st day of July of each year, and shall mature ten
16 years after their date of issuance. The debentures shall be
17 exempt from taxation as provided in section 207 (i) with
18 respect to debentures issued under that subsection. They
19 shall be paid out of the section 220 home improvement ac-
20 count which shall be primarily liable therefor and they
21 shall be fully and unconditionally guaranteed as to principal
22 and interest by the United States, and the guaranty shall be
23 expressed on the face of the debentures. In the event the
24 section 220 home improvement account fails to pay upon

1 demand, when due, the principal of or interest on any de-
2 bentures so guaranteed, the Secretary of the Treasury shall
3 pay to the holders the amount thereof which is hereby au-
4 thorized to be appropriated, out of any money in the Treas-
5 ury not otherwise appropriated, and thereupon, to the extent
6 of the amount so paid, the Secretary of the Treasury shall
7 succeed to all the rights of the holders of such debentures.
8 Debentures issued under this subsection shall be in such form
9 and denominations in multiples of \$50, shall be subject to
10 such terms and conditions, and shall include such provisions
11 for redemption, if any, as may be prescribed by the Com-
12 missioner with the approval of the Secretary of the Treasury
13 and may be in coupon or registered form. Any difference
14 between the amount of debentures to which the financial
15 institution is entitled, and the aggregate face value of the de-
16 bentures issued, not to exceed \$50, shall be adjusted by the
17 payment of cash by the Commissioner to the financial insti-
18 tution from the section 220 home improvement account.

19 “ (8) The provisions of subsections (c), (d), and (h)
20 of section 2 shall apply to home improvement loans insured
21 under this subsection.

22 “ (9) The provisions of section 227 relating to mort-
23 gages insured under this Act shall be applicable to a home
24 improvement loan executed in connection with the im-
25 provement of a structure for use as rental accommodations

1 for five or more families and insured under this subsection,
 2 and for the purposes of this subsection, references in section
 3 227 to (i) a 'mortgage' or 'mortgage loan' shall refer to a
 4 home improvement loan, (ii) a 'mortgagor' or 'mortgagee'
 5 shall refer to a borrower or financial institution, respectively,
 6 (iii) 'mortgaged property' shall refer to property with re-
 7 spect to which a loan was executed and insured under this
 8 subsection, and (iv) 'repair or rehabilitation' shall refer to
 9 'improvement' as defined in this subsection."

10 HOME IMPROVEMENT LOANS OUTSIDE OF URBAN

11 RENEWAL AREAS

12 SEC. 202. Section 203 of the National Housing Act is
 13 amended by—

14 (a) striking out in subsection (e) "of the mort-
 15 gage" and inserting in lieu thereof "of the loan or mort-
 16 gage", and

17 (b) adding the following subsection:

18 "(k) To supplement the mortgage insurance provisions
 19 of this section in order to assist the conservation, improve-
 20 ment, and alteration of housing, the Commissioner is author-
 21 ized to make commitments to insure and to insure a home
 22 improvement loan under this subsection in accordance with
 23 the provisions of section 220 (h), except that (1) the struc-
 24 tures improved shall be designed for occupancy by not more
 25 than four families and shall not be required to be located in

1 the area of an urban renewal project; (2) the Commissioner
2 shall find that the property with respect to which the loan
3 is executed is economically sound; (3) all funds received
4 and all disbursements made shall be credited or charged, as
5 appropriate, to a separate section 203 home improvement
6 account to be maintained as hereinafter provided under the
7 mutual mortgage insurance fund; and (4) insurance bene-
8 fits shall be paid in debentures executed in the name of the
9 section 203 home improvement account. For the purposes
10 of this subsection, the Commissioner shall have all the author-
11 ity provided in section 220 (h) and debentures issued with
12 respect to loans insured under this subsection shall be issued
13 in accordance with subsections (h) (6) and (h) (7) of sec-
14 tion 220. There is hereby created a separate home im-
15 provement account under the mutual mortgage insurance
16 fund which shall be used by the Commissioner as a revolving
17 fund for carrying out the provisions of this subsection, and
18 the Commissioner is authorized to transfer to such account
19 the sum of \$1,000,000 from the war housing insurance fund
20 established pursuant to the provisions of section 602 of this
21 Act. The provisions in section 205 (c) shall not be appli-
22 cable to loans insured under this subsection."

1 TITLE III—EXPERIMENTAL HOUSING AND
2 APARTMENT UNIT MORTGAGE INSURANCE
3 EXPERIMENTAL HOUSING MORTGAGE INSURANCE

4 SEC. 301. Title II of the National Housing Act is
5 amended by adding the following section:

6 "EXPERIMENTAL HOUSING

7 "SEC. 233. (a) In order to assist in lowering housing
8 costs and improving housing standards, quality, livability, or
9 durability or neighborhood design through the utilization
10 of advanced housing technology, or experimental property
11 standards, the Commissioner is authorized to insure, and
12 to make commitments to insure, under this section mort-
13 gages (including in the case of mortgages insured under
14 subsection (b) (2) of this section, advances on such mort-
15 gages during construction) secured by dwellings involving
16 the utilization and testing of advanced technology in hous-
17 ing design, materials, or construction, or experimental prop-
18 erty standards for neighborhood design if the Commissioner
19 determines that: (1) the property is an acceptable risk, giv-
20 ing consideration to the need for testing advanced housing
21 technology or experimental property standards; (2) the
22 utilization and testing of the advanced technology or ex-

1 perimental property standards involved will provide data
2 or experience which the Commissioner deems to be signifi
3 cant in reducing housing costs or improving housing stand
4 ards, quality, livability, or durability, or improving neighbor-
5 hood design; and (3) the mortgages are eligible for in-
6 surance under the provisions of this section and under any
7 further terms and conditions which may be prescribed by the
8 Commissioner to establish the acceptability of the mortgages
9 for insurance.

10 “(b) To be eligible for insurance under this section a
11 mortgage shall—

12 (1) meet the requirements of section 203 (b),
13 except that the maximum principal obligation of the
14 mortgage as computed under clauses (i), (ii), and
15 (iii) of section 203 (b) (2) shall be determined on the
16 basis of the Commissioner's estimate of the cost of
17 replacing the property using comparable conventional
18 design, materials, and construction rather than value,
19 and the proviso in section 203 (b) (8) shall not be
20 applicable to mortgages insured under this section; or

21 (2) meet the requirements of section 207 (b) and
22 section 207 (c), except that the maximum principal
23 obligation of the mortgage as computed under section
24 207 (c) (2) shall be determined on the basis of the
25 Commissioner's estimate of the cost of replacing the

1 property, using comparable conventional design, mate-
2 rials, and construction rather than value.

3 “(c) The Commissioner may enter into such contracts,
4 agreements, and financial undertakings with the mortgagor
5 and others as he deems necessary or desirable to carry out
6 the purposes of this section, and may expend available funds
7 for such purposes, including the correction, when he deter-
8 mines it necessary to protect the occupants, at any time sub-
9 sequent to insurance of a mortgage, of defects or failures
10 in the dwellings which the Commissioner finds are caused by
11 or related to the advanced housing technology utilized in
12 their design or construction or experimental property stand-
13 ards.

14 “(d) The Commissioner may make such investigations
15 and analyses of data, and publish and distribute such reports
16 as he determines to be necessary or desirable to assure the
17 most beneficial use of the data and information to be acquired
18 as a result of this section.

19 “(e) Any mortgagee under a mortgage insured under
20 subsection (b) (1) of this section shall be entitled to the
21 benefits of the insurance as provided in section 204 with re-
22 spect to mortgages insured under section 203, and the pro-
23 visions of section 204 may apply to the mortgages insured
24 under subsection (b) (1), except that as applied to those
25 mortgages (1) all references to the ‘fund’, or ‘mutual mort-

1 gage insurance fund', shall refer to the 'experimental housing
2 insurance fund', and (2) all references to 'section 203' shall
3 refer to this section 233.

4 " (f) Any mortgagee under a mortgage insured under
5 subsection (b) (2) of this section shall be entitled to the
6 benefits of insurance as provided in section 207 with respect
7 to mortgages insured under section 207, except that as ap-
8 plied to mortgages insured under subsection (b) (2) of this
9 section (1) all references to the 'housing insurance fund',
10 'fund,' or 'housing fund' shall refer to the 'experimental hous-
11 ing insurance fund', and (2) all references to 'this section'
12 shall refer to this section 233.

13 " (g) Notwithstanding the provisions of subsections (e)
14 and (f) of this section, in the case of default of any mort-
15 gage insured under this section, the Commissioner in his
16 discretion, may in accordance with such regulations as he
17 may prescribe, acquire a mortgage loan that is in default
18 and the security therefor upon payment to the mortgagee
19 in cash (from the experimental housing insurance fund)
20 or in debentures of a total amount equal to the unpaid prin-
21 cipal balance of the loan plus any accrued interest and any
22 advances approved by the Commissioner made previously
23 by the mortgagee under the provisions of the mortgage.
24 After the acquisition of the mortgage by the Commissioner
25 the mortgagee shall have no further rights, liabilities, or

1 obligations with respect to the mortgage. The provisions of
2 sections 204 and 207 relating to the issuance of debentures
3 shall apply with respect to debentures issued under this sub-
4 section, and the provisions of sections 204 and 207 relating
5 to the rights, liabilities, and obligations of a mortgagee shall
6 apply with respect to the Commissioner when he has ac-
7 quired an insured mortgage under this subsection, in accord-
8 ance with and subject to regulations (modifying such provi-
9 sions to the extent necessary to render their application for
10 such purposes appropriate and effective) which shall be pre-
11 scribed by the Commissioner, except that as applied to
12 mortgages insured under this section (1) all references in
13 section 204 to the 'fund' or 'mutual mortgage insurance
14 fund' shall refer to the 'experimental housing insurance fund',
15 (2) all references to 'section 203' shall refer to this section,
16 and (3) all references in section 207 to the 'housing insur-
17 ance fund', 'fund', or 'housing fund' shall refer to the 'ex-
18 perimental housing insurance fund'.

19 “(h) There is hereby created an 'experimental housing
20 insurance fund' to be used by the Commissioner as a re-
21 volving fund to carry out the provisions of this section, and
22 the Commissioner is directed to transfer the sum of
23 \$1,000,000 to the fund from the war housing insurance fund
24 created by section 602 of this Act. General expenses of

1 operation of the Federal Housing Administration and other
 2 expenses incurred under this section may be charged to the
 3 experimental housing insurance fund. The provisions of sub-
 4 sections (d), (e), (h), (i), (j), (k), (l), (m), (n), and
 5 (p) of section 207 shall be applicable to a mortgage insured
 6 under subsection (b) (2) of this section, and all references
 7 in those subsections to the 'housing insurance fund' or the
 8 'housing fund' shall refer to the 'experimental housing in-
 9 surance fund'."

10 INDIVIDUALLY OWNED UNITS IN MULTIFAMILY
 11 STRUCTURES

12 SEC. 302. Title II of the National Housing Act is
 13 amended by adding the following section:

14 "MORTGAGE INSURANCE FOR INDIVIDUALLY OWNED UNITS
 15 IN MULTIFAMILY STRUCTURES

16 "SEC. 234. (a) The purpose of this section is to provide
 17 an additional means of increasing the supply of privately
 18 owned dwelling units where, under the laws of the State in
 19 which the property is located, real property title and owner-
 20 ship are established with respect to a one-family unit which
 21 is part of a multifamily structure.

22 "(b) The terms 'mortgage', 'mortgagee', 'mortgagor',
 23 'maturity date', and 'State' shall have the meanings respec-
 24 tively set forth in section 201, except that the term 'mort-
 25 gage' for the purposes of this section may include a first

1 mortgage given to secure the unpaid purchase price of a fee
2 interest in, or a long-term leasehold interest in, a one-
3 family unit in a multifamily structure and an undivided
4 interest in (or share in cooperative ownership of) the com-
5 mon areas and facilities which serve the structure where the
6 mortgage is determined by the Commissioner to be eligible
7 for insurance under this section. The term 'common areas
8 and facilities' as used in this section shall be deemed to in-
9 clude the land and such commercial, community, and other
10 facilities as are approved by the Commissioner.

11 " (c) The Commissioner is authorized in his discretion
12 and under such terms and conditions as he may prescribe
13 (including the minimum number of family units in the
14 structure which shall be offered for sale and provisions for
15 the protection of the consumer and the public interest), to
16 insure any mortgage covering a one-family unit in a multi-
17 family structure and an undivided interest in (or share in
18 cooperative ownership of) the common areas and facilities
19 which serve the structure, if (1) the mortgage meets the
20 requirements of this section and of section 203 (b), except
21 as that section is modified by this section; and (2) the
22 structure is or has been covered by a mortgage insured under
23 another section of this Act, notwithstanding any require-
24 ments in such section that the structure was constructed or
25 rehabilitated for the purpose of providing rental housing.

1 Any project proposed to be constructed or rehabilitated after
2 the effective date of the Housing Act of 1961 with the as-
3 sistance of mortgage insurance under this Act, where the
4 sale of family units is to be assisted with mortgage insurance
5 under this section, shall be subject to such requirements as
6 the Commissioner may prescribe. To be eligible for insur-
7 ance pursuant to this section a mortgage shall involve a
8 principal obligation in an amount not to exceed (1) the
9 limits per room and per family dwelling units provided by
10 section 207 (c) (3), and (2) the sum of (i) 97 per centum
11 of \$13,500 of the amount which the Commissioner estimates
12 will be the appraised value of the family unit including com-
13 mon areas and facilities as of the date the mortgage is ac-
14 cepted for insurance, (ii) 90 per centum of such value in
15 excess of \$13,500 but not in excess of \$18,000, and
16 (iii) 70 per centum of such value in excess of \$18,000. In
17 determining the amount of a mortgage in the case of a non-
18 occupant mortgagor the reference to paragraph 2 of section
19 203 (b) in section 203 (b) (8) shall be construed to refer
20 to clause (2) of the preceding sentence in this section. The
21 mortgage shall contain such provisions as the Commissioner
22 determines to be necessary for the maintenance of common
23 areas and facilities and the multifamily structure. The mort-
24 gator shall have exclusive right to the use of the one-family
25 unit covered by the mortgage and, together with the owners

1 of other units in the multifamily structure, shall have the
2 right to the use of the common areas and facilities serving
3 the structure and the obligation of maintaining all such com-
4 mon areas and facilities. The Commissioner may require
5 that the rights and obligations of the mortgagor and the
6 owners of other dwelling units in the structure (including
7 voting rights and number of units which can be under the
8 same ownership) shall be subject to such controls as he de-
9 termines necessary and feasible to promote and protect indi-
10 vidual owners, the multifamily structure, and its occupants.
11 For the purposes of this section, the Commissioner is au-
12 thorized in his discretion and under such terms and condi-
13 tions as he may prescribe to permit one-family units and
14 interests in common areas and facilities in multifamily struc-
15 tures covered by mortgages insured under section 207, 213,
16 220, 221, or 231 to be released from the liens of those
17 mortgages.

18 " (d) Any mortgagee under a mortgage insured under
19 this section is entitled to receive the benefits of the insur-
20 ance as provided in section 204 (a) of this Act with re-
21 spect to mortgages insured under section 203, and the
22 provisions of subsections (b), (c), (d), (e), (f), (g),
23 (h), (j), and (k) of section 204 shall be applicable to the
24 mortgages insured under this section, except that (1) all

1 references in section 204 to the mutual mortgage insurance
2 fund or the fund shall refer to the apartment unit insurance
3 fund, (2) all references therein to section 203 shall refer
4 to this section, and (3) the excess remaining referred to
5 in section 204(f) (1) shall be retained by the Commission-
6 er and credited to the apartment unit insurance fund.

7 “(e) There is hereby created the apartment unit in-
8 surance fund which shall be used by the Commissioner as
9 a revolving fund for carrying out the provisions of this sec-
10 tion. The Commissioner is authorized to transfer to the
11 fund the sum of \$1,000,000 from the war housing insurance
12 fund established pursuant to the provisions of section 602
13 of this Act. General expenses of operation of the Federal
14 Housing Administration under this section may be charged
15 to the apartment unit insurance fund. The provisions of the
16 second and third paragraphs of section 220 (g) shall be ap-
17 plicable to the apartment unit insurance fund and to this
18 section, and all references therein to the section 220 hous-
19 ing insurance fund or the fund shall be construed to refer
20 to the apartment unit insurance fund, and all references there-
21 in to ‘this section’ shall be construed to refer to this section
22 234.

23 “(f) The provisions of section 225, 229, and 230 shall
24 be applicable to the mortgages insured under this section.”.

1 TITLE IV—NATIONAL HOUSING ACT AUTHORI-
2 ZATIONS

3 LIMITATIONS ON FHA INSURANCE AUTHORIZATIONS

4 SEC. 401. (a) Section 2 (a) of the National Housing
5 Act is amended by striking out in the first sentence "1961"
6 and inserting in lieu thereof "1963".

7 (b) Section 203 (a) of such Act is amended by strik-
8 ing out the colon and all that follows the colon and inserting
9 a period after "thereon".

10 (c) Section 217 of such Act is amended to read as
11 follows:

12 "SEC. 217. Except with respect to the insurance of a
13 loan or mortgage pursuant to section 2, subsections 221 (d)
14 (2) and (d) (4) or title VIII of this Act subject to a limi-
15 tation thereunder on the time of such insurance, no loan or
16 mortgage shall be insured under any provision of this Act
17 after October 1, 1965, except pursuant to a commitment
18 to insure before that date."

19 (d) Section 803 (a) of such Act is amended by strik-
20 ing out "1961" and inserting in lieu thereof "1962".

21 FNMA SPECIAL ASSISTANCE FUNCTIONS

22 SEC. 402. Section 305 of the National Housing Act is
23 amended by—

1 (i) striking out in subsection (c) "\$950,000,000"
2 and inserting in lieu thereof "\$1,700,000,000"; and

3 (ii) adding the following subsections:

4 " (h) Notwithstanding any other provision of this Act,
5 the Association is authorized (subject to presidential action
6 as provided in subsection (a), as limited by subsection (c),
7 of this section) to purchase pursuant to commitments or
8 otherwise, and to service, sell, and otherwise deal in any
9 home improvement loans insured under section 220 (h) of
10 this Act.

11 " (i) Notwithstanding clause (2) of section 302 (b)
12 and any provision of this Act which is inconsistent with this
13 subsection, the Association is authorized (subject to presi-
14 dential action as provided in subsection (a), as limited by
15 subsection (c), of this section) to purchase pursuant to com-
16 mitments or otherwise, and to service, sell, and otherwise
17 deal in mortgages insured under the provisions of section
18 221 (d) (3) of this Act."

19 TITLE V—HOUSING FOR ELDERLY AND LOW 20 INCOME

21 DIRECT LOANS FOR THE ELDERLY

22 SEC. 501. Section 202 of the Housing Act of 1959 is
23 amended by—

24 (a) striking out in subsection (a) (1) "private
25 nonprofit corporations" and inserting in lieu thereof

1 “private nonprofit corporations or public bodies or
2 agencies”;

3 (b) striking out in subsection (a) (2) “for the
4 provision” and inserting in lieu thereof “or to any pub-
5 lic body or agency for the provision”;

6 (c) striking out in subsection (a) (2) “unless the
7 corporation” and inserting in lieu thereof “unless the
8 applicant”;

9 (d) striking out in subsection (a) (3) “A loan to a
10 corporation under this section” and inserting in lieu
11 thereof “A loan under this section”;

12 (e) striking out in subsection (a) (4) “\$50,000,-
13 000” and inserting in lieu thereof “\$100,000,000”;

14 (f) striking out the second sentence in subsection
15 (a) (4); and

16 (g) striking out in subsection (c) (3) “corpora-
17 tion undertaking” and inserting in lieu thereof “corpo-
18 rate body or agency undertaking”.

19 LOW-RENT PUBLIC HOUSING

20 ELIGIBILITY REQUIREMENT FOR DISABLED PERSONS

21 SEC. 502. Section 2 of the United States Housing Act
22 of 1937 is amended by striking out the words “has attained
23 the age of fifty and” in the second and third sentences of
24 paragraph (2) and by striking out paragraph (14) and re-
25 numbering paragraph “(15)” to be paragraph “(14)”.

1 ADDITIONAL SUBSIDY FOR ELDERLY AND DISABLED TENANTS

2 SEC. 503. Section 10 (a) of the United States Housing
 3 Act of 1937 is amended by inserting a colon and the follow-
 4 ing proviso before the period at the end of the third sentence
 5 thereof: "*Provided*, That the Authority may, in addition
 6 to the payments guaranteed under the contract, pay not to
 7 exceed \$120 per annum per dwelling unit occupied by an
 8 elderly family on the last day of the project fiscal year where
 9 such amount, in the determination of the Authority, was
 10 necessary to enable the public housing agency to lease the
 11 dwelling unit to the elderly family at a rental it could afford
 12 and to operate the project on a solvent basis".

13 DWELLING UNIT AUTHORIZATION

14 SEC. 504. Section 10 (c) of the United States
 15 Housing Act of 1937 is amended by—

16 (a) striking out the first three sentences and insert-
 17 ing in lieu thereof the following: "The Authority is
 18 authorized to enter into contracts for annual contribu-
 19 tions aggregating not more than \$336,000,000 per an-
 20 num of which not more than 15 per centum shall be
 21 expended within any one State: *Provided*, That no
 22 such new contract for additional units shall be entered
 23 into after the date of approval of the Housing Act of
 24 1961 except with respect to low-rent housing for a lo-
 25 cality respecting which the Administrator has made the

determination and certification relating to a workable program as prescribed in section 101 (c) of the Housing Act of 1949, and that the Authority shall enter into only such new contracts for preliminary loans as are consistent with the number of dwelling units for which contracts for annual contributions may be entered into.”; and

(b) striking out section 10 (i) and redesignating section “15 (10)” as section “10 (i)”, and striking out section 21 (d).

GREATER LOCAL RESPONSIBILITY FOR ADMISSION POLICIES

SEC. 505. (a) Section 10 (g) of the United States Housing Act of 1937 is amended to read as follows:

“(g) Every contract for annual contributions for any low-rent housing project shall provide that—

“(1) the maximum income limits fixed by the public housing agency shall be subject to the prior approval of the Authority and the Authority may require the agency to review and revise such limits if the Authority determines that changed conditions in the locality make such revisions necessary in achieving the purposes of the Act;

“(2) the public housing agency shall adopt and promulgate regulations establishing admission policies which shall give full consideration to its responsibility for

1 the rehousing of those displaced by urban renewal or
2 other governmental action, to the applicant's status as a
3 serviceman or veteran or relationship to a serviceman or
4 veteran or to a disabled serviceman or veteran, and to
5 the applicant's age or disability, housing conditions, ur-
6 gency of housing need and source of income; and

7 " (3) the public housing agency shall determine,
8 and so certify to the Authority, that each family in the
9 project was admitted in accordance with duly adopted
10 regulations and approved income limits; and the public
11 housing agency shall make periodic reexaminations of
12 the incomes of families living in the project and shall
13 require any family whose income has increased beyond
14 the approved maximum income limits for continued
15 occupancy to move from the project unless the public
16 housing agency determines that, due to special circum-
17 stances, the family is unable to find decent, safe and
18 sanitary housing within its financial reach although mak-
19 ing every reasonable effort to do so, in which event
20 such family may be permitted to remain for the dura-
21 tion of such a situation if it pays an appropriate rent."

22 (b) Sections 10 (m) and 15 (8) of such Act are
23 repealed.

DEMONSTRATION PROGRAMS

SEC. 506. Section 11 of the United States Housing Act of 1937 and its heading are amended to read as follows:

"DEMONSTRATION PROGRAMS

"SEC. 11. The Authority is authorized to make grants to public or private bodies or agencies, subject to such terms and conditions as it shall prescribe, for the purposes of developing and demonstrating new or improved means of providing housing and a suitable living environment for low income families and for obtaining maximum efficiency and economy in the construction and management of low-rent housing. Advances and progress payments may be made, under any contract to make grants under this section, without regard to the provisions of section 3648 of the Revised Statutes, and the Administrator may waive any of the requirements of this Act to the extent he deems necessary to accomplish the purposes of this section. There is hereby authorized to be appropriated not exceeding \$10,000,000 for grants to carry out the purposes of this section, and any amount so appropriated shall remain available until expended."

1 INCREASED COST LIMITS FOR UNITS FOR THE ELDERLY—

2 NON-FEDERAL AID TO PROJECTS

3 SEC. 507. (a) Section 15 of the United States Housing
4 Act of 1937 is amended by—

5 (1) inserting in paragraph (5) after the second
6 parenthetical clause the following: “on which the com-
7 putation of any annual contributions under this Act may
8 be based”;

9 (2) inserting “\$3,000” after the words “Alaska
10 or” in paragraph (5);

11 (3) striking out paragraph (6) and redesignating
12 paragraph “(9)” to be paragraph “(6)”;

13 (4) striking out “entitled to a first preference as
14 provided in section 10 (g)” in paragraph (7) (b) and
15 inserting in lieu thereof “displaced by urban renewal or
16 other governmental action”.

17 (b) Section 10 (h) of such Act is amended by insert-
18 ing the following after the word “project” the third time it
19 appears therein: “(exclusive of any portion thereof which
20 is not assisted by annual contributions under this Act)”.

21 TITLE VI—URBAN RENEWAL AND PLANNING

22 POOLING GRANTS-IN-AID BETWEEN PROJECTS WITH TWO-

23 THIRDS AND THREE-FOURTHS FEDERAL PARTICIPATION

24 SEC. 601. (a) Section 103 (a) of the Housing Act of
25 1949 is amended by striking out the second sentence and

1 inserting in lieu thereof the following: "The aggregate of
2 such capital grants with respect to all the projects of a
3 local public agency (or of two or more local public agen-
4 cies in the same municipality) on which contracts for capi-
5 tal grants have been made under this title shall not exceed
6 the total of two-thirds of the aggregate net project costs
7 of such projects undertaken on a two-thirds capital grant
8 basis and three-fourths of the aggregate net project costs of
9 such projects which the Administrator, upon request, may
10 approve on a three-fourths capital grant basis."

11 (b) Section 104 of such Act is amended by striking out
12 the second sentence and inserting in lieu thereof the follow-
13 ing: "Such local grants-in aid, together with the local grants-
14 in-aid to be provided in connection with all other projects
15 of the local public agency (or two or more local public agen-
16 cies in the same municipality) on which contracts for capital
17 grants have theretofore been made, shall be at least equal
18 to the total of one-third of the aggregate net project costs
19 of such projects undertaken on a two-thirds capital grant
20 basis and one-fourth of the aggregate net project costs of such
21 projects undertaken on a three-fourths capital grant basis."

22 (c) Section 110 (e) of such Act is amended by striking
23 out "the proviso in the second sentence of" in the third
24 sentence.

CAPITAL GRANT AUTHORIZATION

SEC. 602. Section 103 (b) of the Housing Act of 1949 is amended by striking out the first sentence and inserting in lieu thereof the following: "The Administrator may, with the approval of the President, contract to make grants under this title aggregating not to exceed \$4,500,000,000."

RELOCATION PAYMENTS

SEC. 603. (a) Section 106 (f) of the Housing Act of 1949 is amended by—

(1) striking out "that no part" in paragraph (1) and inserting in lieu thereof "except as hereinafter provided, that no part"; and

(2) striking out the period at the end of the next to the last sentence in paragraph (2) and inserting in lieu thereof "Provided, That the latter amount may be increased whenever the Administrator determines it to be necessary to compensate any business concern for reasonable and necessary moving expenses and actual direct losses of property, but any sums paid hereunder in excess of the \$3,000 maximum shall be included in gross project cost."

(3) striking out the last sentence of paragraph (2) and inserting in lieu thereof "Payment to individuals and families of fixed amounts (not to exceed \$200 in any case) may be made in lieu of their respective rea-

1 sonable and necessary moving expenses and actual direct
2 losses of property. All payments under this subsection
3 shall be subject to such rules, regulations, and limitations
4 as may be prescribed by the Administrator.”.

5 (b) Section 110 (e) of such Act is amended by—

6 (1) striking out at the end of clause (i) “and”;

7 (2) adding “and” at the end of clause (ii) ; and

8 (3) adding after clause (ii) “(iii) relocation pay-
9 ments, if made pursuant to the second proviso in para-
10 graph (2) of section 106 (f) hereof.”.

11 TRANSIENT HOUSING

12 SEC. 604. Section 106 (g) of the Housing Act of 1949
13 is repealed.

14 RESALE OF PROPERTY IN URBAN RENEWAL AREAS FOR 15 HOUSING FOR MODERATE INCOME FAMILIES

16 SEC. 605. (a) Section 107 of the Housing Act of 1949
17 is amended by—

18 (1) changing the title thereof to read “PROP-
19 ERTY TO BE USED FOR PUBLIC HOUSING OR
20 HOUSING FOR MODERATE INCOME FAMI-
21 LIES”;

22 (2) inserting “(a)” before the first sentence; and

23 (3) adding the following new subsection:

24 “(b) Upon approval of the Administrator and subject
25 to such conditions as he may determine to be in the public

1 interest, any real property held as part of an urban renewal
 2 project may be made available to a limited dividend corpora-
 3 tion, nonprofit corporation or association, cooperative, or
 4 public body or agency for purchase at fair value for use by
 5 such purchaser in the provision of new or rehabilitated rental
 6 or cooperative housing for occupancy by families of moder-
 7 ate income.”.

8 (b) Clause (4) of the second sentence of section
 9 110(c) of the Housing Act of 1949 is amended by insert-
 10 ing the following before the semicolon at the end thereof:
 11 “or as provided in section 107”.

12 REHABILITATION

13 SEC. 606. (a) The second sentence of section 110(c)
 14 of the Housing Act of 1949 is amended by—

15 (1) striking out “and” after paragraph (5) ;

16 (2) striking out the period at the end of paragraph

17 (6) and inserting in lieu thereof “; and”; and

18 (3) adding after paragraph (6) a new paragraph
 19 as follows:

20 “(7) acquisition and repair or rehabilitation for guidance
 21 purpose and resale by the local public agency of dwelling
 22 units which are located in the urban renewal area and which,
 23 under the urban renewal plan, are to be repaired or re-
 24 habilitated.”.

25 (b) The third sentence of section 110(c) of such Act is

1 amended by inserting after "include" the following: "(ex-
2 cept as provided in paragraph (7) above)".

3 INCREASE IN NONRESIDENTIAL EXCEPTION

4 SEC. 607. The fifth sentence of section 110 (c) of the
5 Housing Act of 1949 is amended by—

6 (a) striking out "Housing Act of 1959" and insert-
7 ing in lieu thereof "Housing Act of 1961"; and

8 (b) striking out "20 per centum" and inserting in
9 lieu thereof "30 per centum".

10 URBAN PLANNING ASSISTANCE

11 SEC. 608. Section 701 of the Housing Act of 1954 is
12 amended by—

13 (a) striking out "50 per centum" in the first
14 sentence of subsection (b) and inserting in lieu thereof
15 "two-thirds";

16 (b) striking out "\$20,000,000" in the last sentence
17 of subsection (b) and inserting in lieu thereof "\$100,-
18 000,000";

19 (c) inserting after "public facilities" in clause (1)
20 of subsection (d) ", including transportation facilities";
21 and

22 (d) adding the following new subsection:

23 " (f) The consent of the Congress is hereby given to any
24 two or more States to enter into agreements or compacts, not
25 in conflict with any law of the United States, for coopera-

1 tive efforts and mutual assistance in the comprehensive plan-
 2 ning for the physical growth and development of interstate
 3 metropolitan or other urban areas, and to establish such
 4 agencies, joint or otherwise, as they may deem desirable for
 5 making effective such agreements and compacts.”.

6 TITLE VII—COMMUNITY FACILITIES

7 AUTHORIZATION FOR PUBLIC FACILITY LOANS

8 SEC. 701. Section 203 (a) of the Housing Amendments
 9 of 1955 is amended by striking out “\$150,000,000” and in-
 10 serting in lieu thereof “\$200,000,000”.

11 ADVANCES FOR PUBLIC WORKS PLANNING

12 SEC. 702. Section 702 of the Housing Act of 1954
 13 is amended by—

14 (a) striking out in subsection (a) “10” and in-
 15 serting in lieu thereof “12½”; and

16 (b) amending the first sentence of subsection (b)
 17 to read as follows:

18 “No advance shall be made hereunder with respect to
 19 any individual project, including a regional or metropolitan
 20 or other areawide project, unless it is planned to be con-
 21 structed and there is a reasonable prospect that the project
 22 will be constructed within or over a reasonable period of
 23 time considering the nature of the project, unless it conforms
 24 to an overall State, local, or regional plan approved by a
 25 competent State, local, or regional authority, and unless the

1 public agency formally contracts with the Federal Govern-
 2 ment to complete the plan preparation promptly and to re-
 3 pay such advance or part thereof when due.”.

4 TITLE VIII—FARM HOUSING

5 SEC. 801. (a) Section 502 (b) of the Housing Act of
 6 1949 is amended by striking out “and such additional secu-
 7 rity” from item (1) and inserting in lieu thereof the words
 8 “or such other security”.

9 (b) Sections 511, 512, and 513 of such Act are each
 10 amended by striking out “1961” and inserting in lieu thereof
 11 “1966”.

12 (c) This section shall take effect as of July 1, 1961.

13 TITLE IX—MISCELLANEOUS

14 FHA SECTION 207 RENTAL HOUSING—ELIGIBLE

15 MORTGAGORS

16 SEC. 901. Section 207 of the National Housing Act is
 17 amended by—

18 (a) amending the first paragraph of subsection (b)

19 (2) to read as follows:

20 “(2) any other mortgagor approved by the Commis-
 21 sioner, which until the termination of all obligations of the
 22 Commissioner under the insurance and during such further
 23 period of time as the Commissioner shall be the owner,
 24 holder, or reinsurer of the mortgage, is regulated or restricted
 25 by the Commissioner as to rents or sales, charges, capital

1 structure, rate of return, and methods of operation to such
 2 extent and in such manner as to provide reasonable rentals
 3 to tenants and a reasonable return on the investment. The
 4 Commissioner may make such contracts with and acquire, for
 5 not to exceed \$100, such stock or interest in the mortgagor
 6 as he may deem necessary to render effective the regulations
 7 or restrictions. The stock or interest acquired by the Com-
 8 missioner shall be paid for out of the Housing Fund, and
 9 shall be redeemed by the mortgagor at par upon the termina-
 10 tion of all obligations of the Commissioner under the insur-
 11 ance.”; and

12 (b) striking out in subsection (c) (3) “attributable to
 13 dwelling use” and inserting in lieu thereof “attributable to
 14 dwelling use (excluding exterior land improvements as de-
 15 fined by the Commissioner)”.

16 MINOR AND CONFORMING

17 SEC. 902. Section 203 (b) (3) of the National Housing
 18 Act is amended by striking out “insurance of the mortgage”
 19 and inserting in lieu thereof “beginning of amortization of
 20 the mortgage”.

21 SEC. 903. The second sentence of section 204 (d) is
 22 amended by striking out “mortgagee after default,” and in-
 23 serting in lieu thereof “mortgagee after default, except that
 24 debentures with respect to loans or mortgages insured or
 25 initially endorsed for insurance on or after March 29, 1961,

1 and issued pursuant to the provisions of section 220 (f) (1) ,
2 section 221 (g) (3) , and section 233 may be dated as of
3 the date they are issued,".

4 SEC. 904. The last sentence of section 204 (g) of the
5 National Housing Act is amended to read as follows: "The
6 power to convey and to execute in the name of the Com-
7 missioner deeds of conveyance, deeds of release, assignments
8 and satisfactions of mortgages, and any other written instru-
9 ment relating to real or personal property or any interest
10 therein heretofore or hereafter acquired by the Commissioner
11 pursuant to the provisions of this Act, may be exercised by
12 the Commissioner or by any Assistant Commissioner ap-
13 pointed by him, without the execution of any express delega-
14 tion of power or power of attorney: *Provided*, That nothing
15 in this subsection shall be construed to prevent the Commis-
16 sioner from delegating such power by order or by power of
17 attorney, in his discretion, to any officer, agent, or employee
18 he may appoint: *And provided further*, That a conveyance
19 or transfer of title to real or personal property or an inter-
20 est therein to the Federal Housing Commissioner, his suc-
21 cessors and assigns, without identifying the Commissioner
22 therein, shall be deemed a proper conveyance or transfer to
23 the same extent and of like effect as if the Commissioner
24 were personally named in such conveyance or transfer."

25 SEC. 905. Section 209 of the National Housing Act is

1 amended by striking out in the second sentence "shall be
2 charged as a general expense of the Fund, the Housing
3 Fund, and the Defense Housing Insurance Fund in such pro-
4 portion as the Commissioner shall determine" and inserting
5 in lieu thereof "shall be charged as a general expense of such
6 insurance fund or funds as the Commissioner shall deter-
7 mine".

8 SEC. 906. Section 212 of the National Housing Act is
9 amended by—

10 (a) striking out in the second sentence of subsection

11 (a) "any mortgage under section 220" and inserting in
12 lieu thereof "any loan or mortgage under section 220 or
13 section 233"; and

14 (b) striking out in the third sentence of subsection

15 (a) "in subsection (d) (4)" and inserting in lieu there-
16 of "in subsection (d) (3) in the case of a cooperative or
17 a limited profit mortgagor, and in subsection (d) (4)".

18 SEC. 907. Section 213 of the National Housing Act is
19 amended by—

20 (a) striking out "eight or more family units" in
21 subsection (d) and inserting in lieu thereof "five or more
22 family units"; and

23 (b) inserting in paragraph (2) of subsection (b)
24 after the words "as may be attributable to dwelling use"

1 the following “(excluding exterior land improvements
2 as defined by the Commissioner)” ; and

3 (c) striking out in subsection (h) “such mortgagor
4 shall not thereafter be eligible by reason of such para-
5 graph (3) for insurance of any additional mortgage
6 loans pursuant to this section” and inserting in lieu
7 thereof the following: “the Commissioner is authorized
8 to refuse, for such period of time as he shall deem ap-
9 propriate under the circumstances, to insure under this
10 section any additional investor-sponsor type mortgage
11 loans made to such mortgagor or to any other investor-
12 sponsor mortgagor where, in the determination of the
13 Commissioner, any of its stockholders were identified
14 with such mortgagor”.

15 SEC. 908. Section 219 of the National Housing Act is
16 amended to read as follows: “Notwithstanding limitations
17 contained in any other sections of this Act as to the use of
18 moneys credited to the title I insurance account, the title I
19 housing insurance fund, the section 203 home improvement
20 account, the housing insurance fund, the war housing insur-
21 ance fund, the housing investment insurance fund, the armed
22 services housing mortgage insurance fund, the defense hous-
23 ing insurance fund, the section 220 housing insurance fund,
24 the section 220 home improvement account, the section 221

1 housing insurance fund, the experimental housing insurance
2 fund, the apartment unit insurance fund, or the service-
3 men's mortgage insurance fund, the Commissioner is hereby
4 authorized to transfer funds from any one or more of such
5 insurance funds or accounts to any other such fund or account
6 in such amounts and at such times as the Commissioner
7 may determine, taking into consideration the requirements
8 of such funds or accounts, separately and jointly to carry
9 out effectively the insurance programs for which such Funds
10 or accounts were established."

11 SEC. 909. Section 220 (f) of the National Housing Act
12 is amended by—

- 13 (a) striking out "or" at the end of paragraph (1),
14 (b) striking out the period at the end of paragraph
15 (2) and inserting in lieu thereof "; or", and
16 (c) adding the following:

17 "(3) as to mortgages meeting the requirements of this
18 section that are insured or initially endorsed for insurance
19 on or after March 29, 1961, notwithstanding the provisions
20 of paragraphs (1) and (2) of this subsection, the Commis-
21 sioner, in his discretion, may in accordance with such regu-
22 lations as he may prescribe, acquire a mortgage loan that is
23 in default and the security therefor upon payment to the
24 mortgagee in cash or in debentures of a total amount equal
25 to the unpaid principal balance of the loan plus any accrued

1 interest and any advances approved by the Commissioner
2 and made previously by the mortgagee under the provisions
3 of a mortgage. After the acquisition of the mortgage by the
4 Commissioner the mortgagee shall have no further rights,
5 liabilities, or obligations with respect to the loan or the
6 security for the loan. The provisions of sections 204 and 207
7 relating to the rights, liabilities, and obligations of a mortga-
8 gee shall apply with respect to the Commissioner when he
9 has acquired an insured mortgage under this subsection, in
10 accordance with and subject to regulations (modifying such
11 provisions to the extent necessary to render their applica-
12 tion for such purposes appropriate and effective) which shall
13 be prescribed by the Commissioner.”.

14 SEC. 910. The first sentence of section 224 of the Na-
15 tional Housing Act is amended to read as follows: “Not-
16 withstanding any other provisions of this Act, debentures
17 issued under any section of this Act with respect to a loan
18 or mortgage accepted for insurance on or after thirty days
19 following the effective date of the Housing Act of 1954
20 (except debentures issued pursuant to paragraph (4) of
21 section 221 (g)) shall bear interest at the rate in effect on
22 the date the commitment to insure the loan or mortgage was
23 issued, or the date the loan or mortgage was endorsed for
24 insurance, or (when there are two or more insurance en-
25 dorsements) the date the loan or mortgage was initially en-

1 dorsed for insurance, whichever rate is the highest, except
2 that debentures issued pursuant to section 220 (f), section
3 220 (h) (6), section 221 (g) (3), or section 233 may, at the
4 discretion of the Commissioner, bear interest at the rate in
5 effect on the date they are issued.”.

6 SEC. 911. Section 226 of the National Housing Act is
7 amended by striking out “222, or” and inserting in lieu
8 thereof “222, 233, 234, or”.

9 SEC. 912. Section 229 of the National Housing Act is
10 amended to read as follows: “Notwithstanding any other
11 provision of this Act and with respect to any loan or mort-
12 gage heretofore or hereafter insured under this Act, except
13 under section 2, the Commissioner is authorized to terminate
14 any insurance contract upon request by the borrower or
15 mortgagor and the financial institution or mortgagee and
16 upon payment of such termination charge as the Commis-
17 sioner determines to be equitable, taking into consideration
18 the necessity of protecting the various insurance Funds and
19 Accounts. Upon such termination, borrowers and mort-
20 gagors and financial institutions and mortgagees shall be
21 entitled to the rights, if any, to which they would be en-
22 titled under this Act if the insurance contract were termi-
23 nated by payment in full of the insured loan or mortgage.”.

24 SEC. 913. Section 231 (c) (2) of the National Housing
25 Act is amended by striking out “attributable to dwelling use”

1 and inserting in lieu thereof "attributable to dwelling use
2 (excluding exterior land improvements as defined by the
3 Commissioner) ".

4 SEC. 914 Section 302 (b) of the National Housing Act
5 is amended by striking out in clause (3) "insured under
6 section 220 or 803," and inserting in lieu thereof "insured
7 under section 220 or 803, or insured under section 213 and
8 covering property located in an urban renewal area,".

9 SEC. 915. Clause (4) of the second sentence of section
10 110 (c) of the Housing Act of 1949 is amended by striking
11 out "initial".

12 SEC. 916. Section 112 of the Housing Act of 1949 is
13 amended by striking out the first colon and everything that
14 follows it and inserting in lieu thereof a period and the
15 following: "The aggregate expenditures made by such in-
16 stitution (directly or through a private redevelopment cor-
17 poration or a municipal or other public corporation) for the
18 acquisition within, adjacent to, or in the immediate vicinity
19 of the project area, of land, buildings, and structures to be
20 redeveloped or rehabilitated by such institution for educa-
21 tional uses in accordance with the urban renewal plan (or
22 with a development plan proposed by such institution or cor-
23 poration found acceptable by the Administrator after con-
24 sidering the standards specified in section 110 (b) , and ap-
25 proved under State or local law after public hearing) , and

1 for the demolition of such buildings and structures if, pursu-
2 ant to such urban renewal or development plan, the land is
3 to be cleared and redeveloped, and for the relocation of oc-
4 cupants from buildings and structures to be demolished or
5 rehabilitated, as certified by such institution to the local pub-
6 lic agency and approved by the Administrator, shall be a
7 local grant-in-aid in connection with such urban renewal
8 project: *Provided*, That no such expenditures shall be deemed
9 ineligible as a local grant-in-aid in connection with any
10 such project if made not more than five years prior to the
11 authorization by the Administrator of a contract for a loan
12 or capital grant for such urban renewal project: *Provided*
13 *further*, That no such expenditure shall be eligible as grant-
14 in-aid in any case where the property involved is acquired
15 by such educational institution from a local public agency
16 which, in connection with its acquisition or disposition of
17 such property, has received, or contracted to receive, a cap-
18 ital grant pursuant to this title: *And provided further*, That
19 the aggregate expenditures made by any public authority,
20 established by any State, for acquisition, demolition, and
21 relocation in connection with land, buildings and structures
22 acquired by such public authority and leased to an educa-
23 tional institution for educational uses shall be deemed a local
24 grant-in-aid to the same extent as if such expenditures had
25 been made directly by such educational institution. The

1 term 'educational institution' as used herein shall mean any
 2 educational institution of higher learning, including any pub-
 3 lic educational institution or any private educational insti-
 4 tution, no part of the net earnings of which shall inure to
 5 the benefit of any private shareholder or individual."

6 SEC. 917. Section 802 (a) of the Housing Act of 1959
 7 is amended by striking out "five" in the first sentence and
 8 inserting in lieu thereof "six",

9 SEC. 918. Section 502 of the Housing Act of 1948 is
 10 amended by—

11 (a) striking out in subsection (c) (3) the first
 12 proviso, the colon thereafter, and the words "And pro-
 13 vided further," and inserting in lieu thereof "Provided,";
 14 and

15 (b) adding the following subsection:

16 "(d) The Housing and Home Finance Administrator,
 17 the Federal Housing Commissioner, and the Public Housing
 18 Commissioner, respectively, may utilize funds made available
 19 to them for salaries and expenses for payment in advance
 20 for dues or fees for library memberships in organizations (or
 21 for membership of the individual librarians of the respective
 22 agencies in organizations which will not accept library
 23 membership) whose publications are available to members
 24 only, or to members at a price lower than to the general
 25 public, and for payment in advance for publications available

1 only upon that basis or available at a reduced price on pre-
2 publication order.”.

3 AMENDMENT OF THE FEDERAL RESERVE ACT

4 SEC. 919. Section 24 of the Federal Reserve Act is
5 amended by inserting the following sentence before the last
6 sentence in that section: “Notwithstanding the limitations
7 and restrictions in this section any national banking associ-
8 ation may make home improvement loans which are insured
9 under the provisions of sections 203 (k) and 220 (h) of the
10 National Housing Act.”.

11 AMENDMENT OF THE HOME OWNERS' LOAN ACT OF 1933

12 SEC. 920. Section 5 (c) of the Home Owners' Loan Act
13 of 1933 is amended by striking out “in loans insured under
14 title I of the National Housing Act, as amended” in the first
15 sentence of the second paragraph and inserting in lieu thereof
16 “in loans insured under title I of the National Housing Act,
17 in home improvement loans insured under title II of the Na-
18 tional Housing Act.”.

19 SEC. 921. Section 223 of the National Housing Act is
20 amended by adding the following subsection:

21 “(c) With respect to any mortgage, other than a mort-
22 gage covering a one- to four-family structure, heretofore or
23 hereafter insured by the Commissioner, and notwithstanding
24 any other provision of this Act, when the taxes, interest on
25 the mortgage debt, mortgage insurance premiums, hazard in-

1 surance premiums, and the expense of maintenance and
2 operation of the project covered by such mortgage during
3 the first two years following final endorsement exceed the
4 project income, the Commissioner may, in his discretion and
5 upon such terms and conditions as he may prescribe, permit
6 the excess of the foregoing expenses over the project income
7 to be added to the amount of such mortgage, and extend the
8 coverage of the mortgage insurance thereto, and such addi-
9 tional advance shall be deemed to be part of the original face
10 amount of the mortgage.”.

A BILL

To assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

By Mr. SPARKMAN

MARCH 29, 1961

Read twice and referred to the Committee on
Banking and Currency